

AR41

Tricentrol

Report and Accounts 1978



Tricentrol

LIMITED

Directors Non-executive



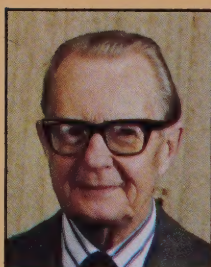
Joseph B. Godber, PC, MP
Chairman



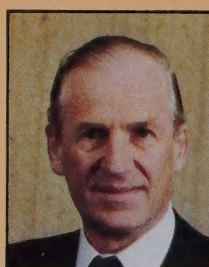
Joseph B. Pratt



Eric Lyall



Sir William Gorell Barnes,
KCMG, CB



Hamish Orr-Ewing



Gerard B. Huiskamp
(Holland)

Directors Executive



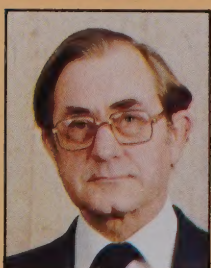
James G. Stoddart Longcroft
Deputy Chairman and
Chief Executive:



Peter M. Stoddart Longcroft



Roger J. Smith



Anthony F. Fox, MBE



Dennis J. Hulbert



Peter B. Moody



Humphrey R. Harlow
Company Secretary

Registered Office
Capel House,
New Broad Street,
London EC2M 1JS

**Registrars and
Transfer Office**
Barclays Bank (London &
International) Limited
Registration Department
Radbrooke Hall, Knutsford,
Cheshire WA16 9EU

Exploration Managers
Opman International Limited
P.O. Box 686,
Hamilton S,
Bermuda

Auditors
Deloitte Haskins & Sells
Chartered Accountants

Bankers
Barclays Bank Limited
The Royal Bank of Canada

Solicitors
Slaughter and May

Results at a glance

	1978 £000	1977 £000	1976 £000	1975 £000	1974 £000
Turnover	141,335	94,815	71,202	56,146	48,290
Profit before taxation	8,011	3,627	2,308	750	1,240
Profit after taxation	5,686	3,047	1,962	374	845
Retentions	5,020	2,503	1,610	309	610
Shareholders' funds	30,928	24,033	19,549	12,389	11,566
Earnings per ordinary share					
Basic:	14.9p	8.3p	6.2p	1.0p	2.5p
Fully diluted:	14.1p	8.0p	6.0p	1.5p	2.6p
Dividends per share (net)	1.675p	1.32p	0.81p	—	1.07p
Net asset value per share	78.3p	64.8p	56.9p	52.1p	73.2p
Cashflow from operations per share	41.9p	14.8p	11.7p	5.9p	6.9p
Number of employees	2,539	2,498	2,020	2,098	2,556

Chairman's Statement

Last year I reported pretax profits 53% up on 1976. In 1978, I am happy to be able to report further improvement, with pretax profits of £8,011,000 being more than double those of 1977. As in previous years, profits have been arrived at after capitalising interest on Thistle Field production loans and depleting it as part of the full cost pool.

Although this performance must be considered satisfactory, it is less than our earlier expectations. The Thistle Field is being developed with lower current production rates than expected in 1978 and, as referred to below, we have reassessed the recoverable reserves at 450 million barrels as against the previous estimate of 525 million barrels which has resulted in an increase in depletion and other charges for 1978 of approximately £1,000,000.

The decision to drill water injection wells earlier in the programme has resulted in the growth of production being slower than expected, so that by the end of the year, production was running at some 85,000 barrels a day. While this reduced profits for 1978, higher world oil prices and the later achievement of peak production which would result from lower initial production rates should increase the value of the oil in the ground.

We have decided this year to publish appraisals of our oil and gas assets in North America and in the Thistle Field. These appraisals indicate a present value, before corporate taxes, of £128 million as against a total net book value of world wide oil and gas assets of £26 million. Compared with figures published last June, which related to proven reserves, the current appraisals also include the value attributable to our probable reserves and our land bank in North America, but not other oil and gas rights in the North Sea.

Higher profits have enabled us to increase the dividend to the maximum that the Government will currently allow, and we are proposing a final dividend of 0.8375p per share, making a total for the year of 1.675p per share (2.5p per share gross).

In November 1978 we were successful in partially refinancing the development of the Thistle Field with a £60 million facility, with £40 million available for immediate drawdown, not guaranteed by the Government, an achievement which reflects the improved financial status of Tricentrol. We also replaced, in the UK, loans expressed in overseas

currencies by signing a US \$12 million seven year facility with the Royal Bank of Canada, which also allowed us to provide a further £1.3 million to strengthen the equity base of our continental European activities.

During the year we have been building up our UK-based exploration staff and in the Sixth Round of North Sea bidding, Tricentrol Oil Corporation Ltd. has, for the first time, applied in the capacity of Operator for itself and two multi-national consortia, for further blocks.

The UK commercial side (Tricentrol Industrial Corporation Ltd.) has performed particularly well this year. Our businesses are well established in their respective fields of activity – automotive, travel, and trading in home improvement, garden and heating supplies – and the economic environment was generally favourable for them until this country's industrial troubles worsened in the last quarter. In such conditions, the five operating groups achieved results substantially better than in 1977, and all except Tricentrol Trading beat previous profit records.

In North America, Tricentrol Oils Limited has had a successful year completing 86 oil and gas wells out of a total of 136 wells in which the Company participated. We have also maintained our substantial land bank which provides our opportunities for the future. Profits have been depressed partly as a result of Government action in denying us markets for our substantial shut-in gas reserves in Canada and through increased borrowing costs. The relative strength of the pound against the North American currencies has also depressed consolidated results.

On the Continent, Tricentrol B.V. has had another year of severe trading conditions which continue. Important reviews are now in hand.

In Australia, our manufacturing company is operating profitably. Our Canadian builders merchant operation remains for sale but is currently back in profit.

We have continued discussions during the year with our Auditors on the question of implementing the Hyde Guidelines and Inflation Accounting. No method has been found in relation to the Company's exploration activities which would provide useful information to the shareholders, and we have therefore decided not to implement the Hyde Guidelines.



The year's accounts incorporate deferred tax in line with the recent accounting standard, which requires a company to provide for deferred tax where there is a reasonable prospect of paying it, and until our exploration opportunities in the North Sea become clearer, we have decided to provide fully for taxes on North Sea profits.

Directors' fees have not been increased since June 1974 when the relevant Article was changed to fix them at £2,000 for Directors and £3,000 for the Chairman. We have been advised that these fees are now inappropriately low for a company of the stature of Tricentrol, and we shall be putting before you at the forthcoming Annual General Meeting a resolution to increase Directors' fees to £5,000 for Directors with £7,500 for the Chairman. You will find in the Notice of Annual General Meeting on page 33 a resolution to increase the Directors' fees accordingly. As I am myself retiring from the Board at the Annual General Meeting, I feel that I can recommend the proposed increases to you without personal embarrassment. They are, I am sure, fully justified.

It has long been Tricentrol's policy that both shareholders and employees should be able to participate in the Group's prosperity. Your Directors therefore feel that it is appropriate to take advantage of the "profit-sharing" provisions of the 1978 Finance Act, and it is intended shortly to call an Extraordinary General Meeting to establish such a scheme, to be called the Tricentrol Share Participation Scheme, and to authorise the establishment of similar schemes overseas.

Having mutually identified certain areas where there could be a clash of interest between Mr Huiskamp's other business activities and those of Tricentrol, Mr Huiskamp, who was elected during the year, will not seek re-election.

We welcome to the Board Mr Peter Moody who was appointed an Executive Director on 19 July 1978. It remains the intention of the Board to maintain a balance between Executive and Non-Executive Directors and accordingly we shall be seeking the services of additional Non-Executive Directors whose experience will contribute to the future success of the Company.

Following Mr Moody's appointment, all the Managing Directors of the Regional Operating Companies are on the Board of Tricentrol Limited as follows -

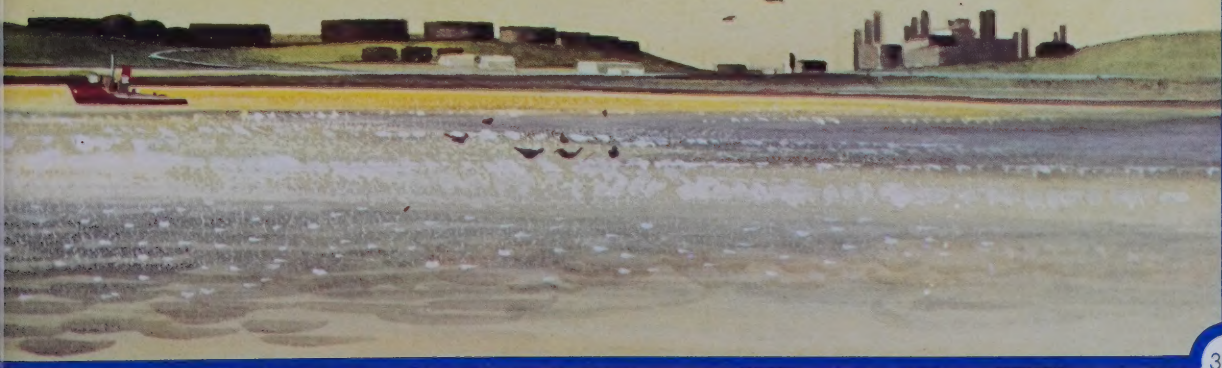
- Mr PMS Longcroft - Tricentrol Oils Ltd (North American oil and gas exploration and production)
- Mr AF Fox - Tricentrol Oil Corporation Ltd (United Kingdom oil and gas exploration and production)
- Mr PB Moody - Tricentrol Industrial Corporation Ltd (United Kingdom non-oil and gas activities)
- Mr DJ Hulbert - Tricentrol BV (Continental Europe non-oil and gas activities)

When I accepted the Chairmanship of this Company in 1976, I agreed to serve for a three year term. That period will be complete at this year's Annual General Meeting, and I informed the Board several months ago that I did not wish to continue after that time.

My colleagues have now invited Mr James Longcroft to take on the Chairmanship of the Company in addition to his role as Chief Executive. Mr Longcroft has been the main architect of the development and growth of Tricentrol Limited and it is only right and fitting that he should now occupy the Chair. I wish him continued success in the expansion of the Company to which he has devoted so much effort. As shareholders are aware, certain services have for many years been provided to the Company through arrangements with the Opman Group, the Company's senior exploration managers, in which Mr JGS Longcroft has potential interests. From time to time, minor changes in or interpretation of these arrangements have to be discussed, and Mr Longcroft will dissociate himself from any meeting of Directors at which matters concerning relations with the Opman Group are being considered. The Board has agreed procedures to be adopted in these circumstances.

It has been a great pleasure to me to be associated with Tricentrol during a period of exciting and dynamic growth. I express my thanks to the Board and to the staff for their co-operation at all times. I extend my warmest good wishes both to them and to all our professional advisers. Above all, I express my parting thanks to all our shareholders, many of whom have supported Tricentrol through difficult times in the past. I am grateful for that support, and I believe they can look to the future with firm confidence.

Joseph Godber



The rate of production from the Thistle Field continued to increase during 1978 reaching 2,649,515 barrels (85,468 barrels of oil per day ("bopd")) in the month of December. Interruptions to the loading over the SALM caused by bad weather during November reduced that month's production to 1,231,837 barrels (41,061 bopd). The best daily rate in the year was 116,400 barrels on 22 December 1978.

The Brent Pipeline System and the Sullom Voe Terminal came into operation late in November and Thistle crude has been transported through the line since 5 December 1978.

The SALM loading buoy sustained damage from bad weather in January 1979. The upper part of the SALM was removed to Amsterdam on 30 January for inspection to detect leakages and to determine action to be taken to remedy a failure at the universal joint between the upper and lower sections. At the time of going to press no firm assessment had been made, but it is intended to replace the buoy after repair.

Pressure measurements taken over the past nine months indicated that because of limited replacement of produced oil by water and restricted vertical communication between sand intervals, certain areas of the reservoir had reached pressures at which water injection could usefully begin. The original development programme anticipated drilling water injection wells within 12 months of first production. This has been revised to accelerate the water injection well completions with 6 wells now being scheduled for completion in 1979. It is expected that this revised programme for water injection will secure the maximum recovery from the Field.

There are now 11 producing wells in the Field and one water injection well under completion. Tricentrol has recently completed a re-evaluation of the reserves of the Unit Area utilising the latest data available. We have been advised in the calculation of oil in place by Geo Science Computing Ltd. and Gaffney, Cline & Associates Ltd. Our result indicates a lower quantity of oil in place than we had hitherto accepted. Our present estimate is that 901 million barrels of oil are contained in the Thistle Unit Reservoir.

Whilst we are aware that both higher and lower estimated recovery factors have been applied, we believe that 50% is reasonable to apply to the Thistle Field and we therefore estimate the recoverable reserves to be 450 million barrels. This compares with our previously published estimate of 525 million barrels. It is the opinion of the Company's technical staff that this amendment to the total recoverable oil will not require a reduction in the forecast annual production at least until after 1982. Actual offtakes will, of course, be dependent upon operational factors.

During 1978 additional facilities were negotiated to cover our share of the Thistle Field development costs. In April 1978 a second facility of £10 million was afforded to Tricentrol in order to meet increases in the development costs due to inflation. In November 1978 a third credit facility was completed, which was used to repay the second

facility and part of the first. This has the following principal benefits for Tricentrol:—

1. There is drawing availability, subject to meeting certain security cover conditions, to repay the first facility, which was guaranteed by the Secretary of State for Energy, and this will mitigate the royalty payments due under this guarantee agreement.
2. When the first facility has been cancelled and certain production tests met, the Company will be allowed to retain a portion of the Thistle Field income to use at its discretion. Under the first facility all net income from the Field (except management expenses of £150,000 per annum) is dedicated to repayment of the loan.
3. The overall costs of the third facility are more favourable to Tricentrol, reflecting the change in the financial market and the decrease in risk of the project because of the successful development of the Thistle Field so far.

Further appraisal drilling will be carried out in 1979 to define the extent of the known secondary oil accumulations in Block 211/18. The first well will be drilled in Area 6 (see map on the back cover).

Seismic surveys have been carried out in Blocks 14/16 and 14/17 which were awarded in the licences under the fifth round (Tricentrol 12.25%) and the results are being evaluated. Provision has been made in the 1979 budget for a well to be drilled.

In accordance with its planned intention to increase its technical operational ability as an oil exploration and production company, Tricentrol has substantially increased its technical staff during 1978.

In the sixth round, Tricentrol, as Operator for itself and two multi-national consortia, made applications for further blocks in the area to the west of the Shetland Islands and in the North Sea; and is also a member of a group which made an application for acreage in the South Western Approaches.

Tricentrol has made applications for acreage in the Northern Territories of Australia, both on its own account and jointly with others, and has continued to investigate oil and gas prospects in all parts of the globe, particular efforts being made in South East Asia and South America.



Managing Director



Executives of Tricentrol Oil Corporation Limited: (left to right) John Poole, Sales Manager; Michael Moseling, Chief Accountant; Bruce Patterson, Finance Director; Tony Fox, Managing Director; Paul Smith, Legal Adviser; Colin Fothergill, Chief Geologist and Geoff Pryke, Offshore Engineering Manager. Inset: David Meizer, Exploration Manager and Peter Winton, Chief Geophysicist.



Thistle 'A' in construction basin prior to flooding and float out.



Thistle 'A' leaves construction basin for its long sea journey to location 130 miles north east of the Shetlands.



Thistle 'A' in the final stages of emplacement in its North Sea location, Thistle Field Block 211/18.



Thistle 'A' in final construction stage with the engineering and accommodation semi-submersibles anchored alongside.



Tricentrol's first complete cargo of Thistle crude oil to be received through the Brent Pipeline System, being loaded onto the tanker 'Thistle Venture' at the Sullom Voe Terminal, January 18, 1979.

Tricentrol

OILS LIMITED

CANADA

Production for 1978 averaged 1,641 bopd and 8,029 thousand cubic feet ("mcf") per day of gas compared with 1,555 bopd and 9,183 mcf per day in the previous year. Early in the year, it became apparent that there was a gas surplus of considerable magnitude and that unless speedy action was taken by the Federal and Provincial Governments, a long delay could be expected before much of the gas discovered in the previous two to three year period could be placed on stream. As yet this situation has not been resolved, although various hearings are currently taking place to consider several export proposals and validate that a genuine surplus of gas does exist in Canada.

Our capital expenditure in Canada during 1978 amounted to £3,032,000 compared with £1,287,000 for the previous year and although we have tended to weight our exploration expenditure towards potential oil-bearing opportunities, we are by no means ignoring gas plays, believing that, with inflation and scarcity, the establishment of gas reserves is a wise strategy for Tricentrol, despite the likely delay before production.

Of the 75 wells drilled in Canada during the year, 57 were completed as oil or gas producers, and we participated in a gross 312,000 ft. of drilling compared with 129,000 ft. in the previous year.

USA

The Bearpaws

Production from the Bearpaws averaged 15,752 mcf per day compared with 14,238 mcf per day in the previous year. As a result of a successful drilling programme during the past year, a further 11 wells have been placed on stream and production is currently averaging 17,273 mcf per day. The long drawn-out attempts by President Carter to establish an energy policy for the US, particularly with regard to the pricing of natural gas, resulted in the latter part of the year in the Natural Gas Pricing Act becoming law. On balance, the revised pricing structure seemed to be favourable to the producer, suggesting that additional efforts would be made to establish enhanced reserves of gas in the US. Unfortunately, however, a recent ruling by the Commissioners of the Federal Energy Resource Commission has clouded the issue and, as are many producers, we are placed once again in the situation of being unsure of the price structure under which we are selling our gas. Hopefully, this unsatisfactory situation may be rapidly resolved as we believe that there is a genuine wish in the US to create a situation where further exploration dollars will be invested by the producer.

During 1978 we spent £345,000 on development drilling in the Bearpaws compared with £179,000 in the previous year.

Rest of the USA

During the year we participated in drilling 28 wells of which 11 proved to be capable of production. Although this success ratio seemed to be

encouraging, the reserves established have not been of significant benefit to the group. We are therefore widening our geographical area of operations within the budgeted amount available to the Houston office, which will stay at around £833,000 for 1979, in an attempt to participate in projects with greater long-term possibilities.

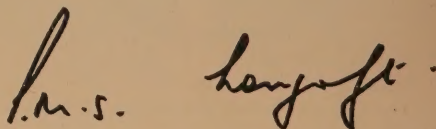
During the year two particularly promising exploration projects were drilled, which we hope will give us the opportunity for further development during 1979.

In addition to direct participation, the Houston office has put together eight prospects which should be drilled in the near future at no additional cost to Tricentrol.

FINANCE

During the year we arranged a term loan with the Royal Bank of Canada in the amount of U.S. \$25 million to be drawn down in tranches as we require, commencing in 1978. Repayments of principal are not scheduled until 1983 and can either be out of production or from any other source that Tricentrol should nominate. This arrangement was entered into in the belief that opportunities will become available to the group in North America in the shorter term which we would be ill-advised to ignore, as it is our belief that the finding costs of hydrocarbons, during the next ten years, will increase at a rate considerably in excess of inflation rates in those countries in which we operate.

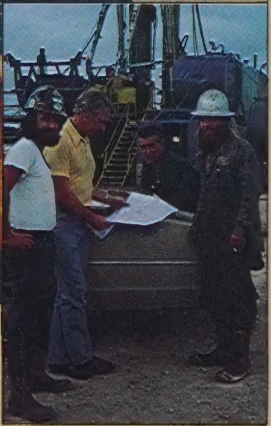
As our objectives in North America are for long-term growth rather than immediate profit, it can be expected that the combination of interest rates on the additional borrowed funds, a higher depletion rate resulting from more expensive costs of land acquisition and drilling, and additional personnel costs to handle the increased capital budget, will result in little material increase in profit in the short term; but it is hoped that our efforts will establish substantial reserves available for production in the 5-10 year term.



President



Executives of Tricentral Oils Limited in their Calgary office (left to right): Jack Cunn, Vice-President Operations; Peter Longcroft, President; Bill McNaughton, Vice-President Finance; and Arthur Haines, Secretary. Inset (in yellow shirt) is Dave Threinen, Vice-President Exploration (US), on location at a wildcat well in South Texas.



Driller on Bonner Project, West Texas.

Rig in Bonner Area, Wilbarger County, West Texas.

Section of Cuthrie McLaren Rig No. 10, currently fully employed drilling up some of Tricentral's Albertan oil and gas projects.

Tricentrol

INDUSTRIAL CORPORATION LIMITED



TRUCK GROUP

Phil Charles, Director Ford Operations; Ron Lee, Financial Director; Harold Barber, Man. Director; and Graham White, Mgr. Chassis Developments.

CAR GROUP

Stan Clarke, Regional Director (E); Peter White, Regional Director (N); Brian Courtenay, Exec. Chairman and Keith Hill, Financial Director.

HEAD OFFICE

John Britten, Company Secretary; Peter Moody, Managing Director and Duncan Naughten, Controller.

The five operating groups achieved results substantially better than in 1977, and all except Trading Group beat previous profit records.

The number of new cars sold in Britain in 1978 was the highest since 1973, and all dealerships in **Car Group** took full advantage. The main difficulty during the year was shortage of supplies, a factor severely aggravated by the Ford strike. Considerable resourcefulness was shown in overcoming the problem and maintaining a satisfactory level of customer service. The present year has started well, and control has been further strengthened by regionalizing the organisation structure.

Demand for new trucks and vans, though normally less volatile than for cars, expanded quite rapidly in 1978, and **Truck Group**, despite the supply difficulties, achieved improved market penetration. The Group's stand at the Motor Show exhibiting its vehicle conversions, and also the stand of TELMA, the electro-mechanical retarding device for which we are the UK distributor, attracted great interest. 1979 has begun in a promising way for this Group, which now includes Brown and White's growing truck business in Yorkshire, re-named Tricentrol Trucks (A1) Limited.

Travel Group had a very active year. The agencies' small staff coped well with a large increase in business resulting from the upturn in the foreign and inclusive tour markets. On the coach side, the operation for Cosmos continued through its second year, mini-tours to the Continent proved highly successful, and a new depot was opened at Coalville. A good start has been made to the present year, and the Group looks forward to inaugurating in May the first regular coach service between Cheltenham and Brussels.

In the trading division, **Builders Merchants Group** enjoyed buoyant demand for heating equipment and sanitaryware, though supply

difficulties persisted throughout the year. Micro-processor based computers were introduced at all the main branches for accounting and stock control purposes, and thanks to the fine efforts of the staff concerned, their benefits were quickly appreciated. The Cheltenham branch suffered a serious fire, but was able to maintain satisfactory customer service despite having to move many stocks to a different location, and limited operations were resumed at Salisbury. The signs so far are encouraging for 1979. Though demand for garden supplies and many DIY products continues to grow faster than consumers' expenditure generally, the environment was not so favourable for **Trading Group** as for other businesses in TIC. Among significant factors were the weather for the gardening side and the rapid expansion of home improvement superstores and hypermarkets which has brought direct downward pressure on margins and sharpened competition between wholesalers. Even so, the Group increased its profits by some 50% over the 1977 figure. It will not be easy to achieve a similar advance in 1979 after the exceptionally cold January and February.

Our objective in TIC, in the next few years, is to construct on the strong foundations of the existing groups an enterprise fully consistent in nature with the overall pattern of Tricentrol's international development, while at the same time exploiting the tremendous opportunities which a UK base, in selected fields, still uniquely affords.



TRAVEL GROUP

BUILDERS MERCHANTS GROUP

TRADING GROUP

Alan Goss, Group Accountant and Harold Baggott, Man. Director.

Gerry Wilding, Sales Director Preston; Tony Fraser, Financial Controller; Robin Whipp, Man. Director and Iain Kirkland, Director and Branch Mgr. Bedford.

Peter Condon, Financial Director; Peter Firmin, Man. Director and John Parker, Marketing Manager.

An extensive planning programme, both within the groups and through our corporate development team, is under way to define the best path and to make these hopes a reality.

Peter Murphy

Managing Director



Specially modified 9-metre and 12-metre coaches developed by Travel Group in conjunction with Vauxhall Motors and Tricentrol Chassis Developments Ltd. and now in operation with Tricentrol Coaches Ltd.



Above right: TIC Corporate Development Team (left to right): Andrew Marsden, Projects Manager; Derek Allam, Technical Planning; Rosemary Whitfield-Jones, Legal Adviser; David Warburton, Estates Manager & Michael Strelitz, Business Development.



An exciting moment during the Tricentrol British Saloon Car Championship which is sponsored by Tricentrol Car Group Ltd.



Welding a chassis section in the workshop of Tricentrol Chassis Developments Ltd., Dunstable.



A corner of the new trade showroom at Tricentrol Builders Merchants Ltd., Preston branch.



A customer's order being checked at Tricentrol Trading, Flitton, prior to loading into one of the fleet delivery vans.

Tricentrol

B.V.

1978 has proved a difficult year for our new regional operating company on the Continent. The pre-tax loss of £395,000 reflects, on the one hand, the difficulties experienced in the market place by our heating and air-treatment businesses and, on the other hand, the costs incurred to ensure that the base for our future expansion is well founded.

With house-building activities in the Netherlands sharply down in 1978, competition for sales of gas and oil boilers remained fierce. At the operating level, our businesses in the Benelux achieved almost break-even results. This is not a satisfactory state of affairs and our management is currently involved in a series of reviews aimed at establishing new and improving trends.

Some of the products which we sell in the Netherlands and in Belgium require significant specialised technical service, and in a market down-turn of the sort experienced in 1978, price erosion leaves an inadequate return for the effort involved. We therefore need to redirect resources into those product areas which will command a premium in the market place. The steps currently being taken have this objective in mind.

We continue to watch the Netherlands Government's draft VAD 'surplus' profit-sharing proposals closely, since the final outcome will clearly influence the potential profitability to the company of future investments.

Sales of oil and gas boilers to German customers were modest through a small number of selected distributors. The penetration achieved to date is not adequate, and a review of the current market coverage is in hand.

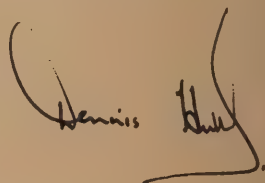
Bank interest costs during the year totalled some £200,000; towards the end of 1978 steps were taken to improve the equity base of Tricentrol B.V. with an injection of funds totalling approximately £1.3 million.

1978 saw the establishment of Tricentrol S.A. in Geneva as an international trading centre for products other than petroleum, and also as a management base for our Continental European development. Approximately £100,000 of the 1978 loss is attributable to this expansion. Tricentrol S.A. has also opened a small representation office in Düsseldorf as part of the process of consolidation towards our objective of having a more significant business presence in West Germany.

Mention was made in an earlier report of the technology task force which has been established to concentrate on future investment opportunities, and we hope that some interesting and worthwhile projects will come out of this experiment. Tricentrol B.V. wishes its main theme – but not its only theme – to be energy related. It believes that increasing energy costs will encourage governments and consumers to seek better products and systems in this connection, and it wants to play its part in these developments. During 1979 we shall be examining the many alternative ways in which Tricentrol B.V. can be

developed, so that it can contribute in time to the better balance of Tricentrol as a whole. Wherever possible, we seek to build on our strengths, and to link these with attractive growth opportunities.

From the trading point of view, 1979 has had a bad start because the construction industry in north-west Europe was brought to a halt by the exceptionally cold weather in the first two months of the year. We hope that this setback can, at least in part, be overcome as the year goes on.



Managing Director

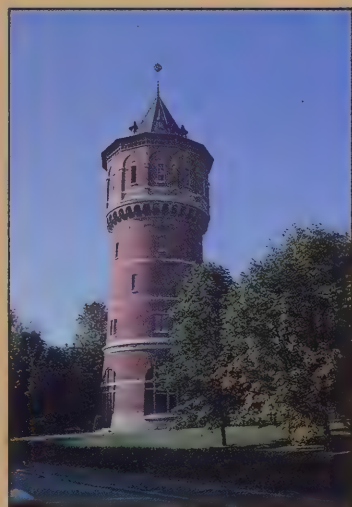




Executives of Tricentrol B.V. (left to right): J. H. Don, Managing Director, Tilcom BV; Robert Van Rossum, Financial Controller; B. J. Reyntjens, Managing Director AGPO NV; Dennis Hulbert, Managing Director, TBV; Peter Dirven, Managing Director AGPO Oomens BV and Philippe Thévenaz, Director, Tricentrol S.A.



The laboratory at AGPO Oomens BV where all their products have to undergo comprehensive quality control tests. In this photograph, a wall-hung boiler is being carefully examined.



One of AGPO Oomens' most challenging contracts during 1978 was the installation of heating, air-conditioning and ventilation in a converted water tower. All AGPO's technical know-how and creativity were required to carry out the work in the 42m. high Breda Water Tower, originally built in 1894 and sold to an insurance and finance company in 1975. Since then, with AGPO's help, the tower has been rebuilt and transformed into an 8-storey modern office building.

Head office and warehouse of AGPO Oomens BV in Breda, Holland.

Head Office

Central Services



Executives of Tricentrol Limited, London Head Office (left to right): Nigel Turnbull, Financial Assistant to Chief Executive, Roger Smith, Director, Group Co-ordination; James Longcroft, Chief Executive; Tony Mayes, Head of Group Press and Public Relations; Patricia Moran, Administrative Assistant; Humphrey Harlow, Company Secretary and Ron Ambury, Treasurer.

Other Activities

Spray Gun Manufacture—Australia



The results for the year reflect the improved profitability arising from the introduction of the TS1 Spray Gun at the end of 1977. This gun has enabled the Company to adopt a more aggressive marketing approach during the year which has been reflected in improved sales of the other Samson products.

The rationalisation of the Company's product range has resulted in improved margins despite some start-up problems, which were overcome when quantity production of the new gun commenced. New production techniques have required a higher level of investment in new plant.

During 1978 the Company added Paashe Airbrushes to its range of products and developed in-house two new guns for specialist uses which will be launched in 1979.

Executives of Tricentrol Trading Pty. Ltd. in Australia (left to right): Tom McCaffray, Works Director; Colin Mitchell, Sales and Marketing Manager; Tom Pilling, Managing Director; Ted Bailey, Works Foreman and Ray Bennett, Financial Director.

Builders Merchants—Canada

Results for the year show a small loss which is a considerable improvement compared with previous periods and reflects the effect that reorganisation has had even in continuing difficult

trading conditions. We do not regard this investment as relevant to our future plans and will take any reasonable opportunity to dispose of our interests but, in the meantime, the business is trading profitably.

Tricentrol

Consolidated Profit and Loss Account

for the year ended 31 December 1978

	Notes	Turnover		Profit	
		1978 £000	1977 £000	1978 £000	1977 £000
TRICENTROL OIL CORPORATION LIMITED					
United Kingdom					
Oil and Gas		14,386	—	4,206	(77)
TRICENTROL OILS LIMITED					
North America					
Oil and Gas – Canada		4,548	4,409	1,296	1,269
– USA		2,907	2,547	1,013	1,142
		7,455	6,956	2,309	2,411
TRICENTROL INDUSTRIAL CORPORATION LIMITED					
United Kingdom					
Automotive		76,722	52,796	2,204	1,579
Trading		31,190	23,050	663	436
		107,912	75,846	2,867	2,015
TRICENTROL B.V.					
Continental Europe					
Trading		8,652	8,673	(395)	198
OTHER ACTIVITIES					
Manufacturing – Australia		475	427	50	5
Trading – Canada		2,455	2,913	(16)	(84)
		2,930	3,340	34	(79)
Contribution from Operating Companies	2	141,335	94,815	9,021	4,468
TRICENTROL LIMITED					
Research Expenditure				(110)	(74)
Head Office Costs				(587)	(268)
Interest payable				(465)	(440)
Interest receivable				335	640
Operating Profit	3			8,194	4,326
Exceptional Items	6			(183)	(699)
Profit before Taxation				8,011	3,627
Taxation	7			(2,325)	(580)
Profit after Taxation				5,686	3,047
Interest on 7% Convertible Loan Stock				(5)	(56)
Earnings attributable to Tricentrol	8			5,681	2,991
Dividends	9			(661)	(488)
Retentions for the year				5,020	2,503
Earnings per Ordinary Share	10				
Basic				14.9p	8.3p
Fully diluted				14.1p	8.0p

Note: Comparative amounts have been restated as explained in Note 1c and 1j, and the effect of the restatement is shown in Note 16. The notes on pages 16 to 25 are an integral part of the accounts.

Balance Sheets

as at 31 December 1978

Company			Group	
1978	1977	Notes	1978	1977
£000	£000		£000	£000
Assets employed				
—	—	11	35,999	27,833
23,869	19,610	12	—	—
2,817	106	13	46,027	33,309
1,148	866	14	34,966	26,573
1,669	(760)		11,061	6,736
25,538	18,850		47,060	34,569
Financed by				
9,872	9,270	15	9,872	9,270
10,673	7,924	16	21,056	14,763
20,545	17,194		30,928	24,033
—	1,656	17	—	1,656
5,882	—	18	13,785	8,880
(889)	—	19	2,347	—
25,538	18,850		47,060	34,569

J. B. Godber }
J. G. S. Longcroft } Directors

Note: Comparative amounts have been restated as explained in Note 1c and 1j.
The notes on pages 16 to 25 are an integral part of these accounts.

Source and Application of Funds

for the year ended 31 December 1978

	1978 £000	1977 £000
Source of funds		
Operations		
Profit before taxation	8,011	3,627
Less: Interest on 7% Convertible Loan Stock	10	117
	<u>8,001</u>	<u>3,510</u>
Item not involving movement of funds		
Depreciation and Depletion	7,994	1,850
	<u>15,995</u>	<u>5,360</u>
Cashflow from operations		
Other sources		
Share issues for cash, less expenses	748	3,021
Sales of fixed assets	1,637	2,150
Increase in long term loans	1,626	616
Increase in production loans in North America— Oil and Gas	2,477	—
Increase in overdrafts and short term loans— Commercial	2,843	4,091
	<u>25,326</u>	<u>15,238</u>
Total new funds		
Application of funds		
Excess of purchase price over net asset value of new subsidiaries at date of acquisition	4	74
Cost attributable to Tricentrol of additions to fixed assets	19,143	8,478
Reduction in production loans in North America— Oil and Gas	—	179
Tax paid	339	644
Dividends paid	488	176
	<u>19,974</u>	<u>9,551</u>
Changes in working capital		
Increase in stock	4,850	3,293
Increase in debtors	9,506	2,306
Increase in creditors	(7,116)	(1,845)
	<u>7,240</u>	<u>3,754</u>
Total funds applied	<u>27,214</u>	<u>13,305</u>
Increase (Decrease) in net liquid funds	<u>(1,888)</u>	<u>1,933</u>

Note: Comparative amounts have been restated as explained in Note 1c and 1j.
Amounts have been adjusted to eliminate the effect of changes in exchange rates.
The notes on pages 16 to 25 are an integral part of this statement.

Notes on the Accounts

Note 1

Accounting Policies

The following are the significant accounting policies used in the preparation of these accounts. They have been applied consistently with the previous year except as set out in Note 1c and 1j.

a) Basis of Consolidation

The consolidated accounts comprise the accounts of Tricentrol Limited and its subsidiaries ("the Group") all of which are made up to 31 December in each year, on the historical cost basis of accounting.

When subsidiaries are acquired during a year the accounts include results from the effective date of acquisition. Goodwill arising on acquisition is dealt with through reserves.

b) Foreign Currencies

Assets and liabilities and results for the year expressed in foreign currencies are included at the year-end rates of exchange. Gains and losses arising from the translation of net assets held overseas at the commencement of the year and from UK foreign currency borrowings are dealt with through reserves.

c) Fixed Assets

(I) Exploration Development and Production of Oil & Gas.

(A) Capitalisation of Expenditure

Tricentrol uses the full cost method of accounting under which the following costs are capitalised :

i) all costs relating to the exploration for oil and gas reserves, whether productive or non-productive. (Such costs include land acquisition costs, offshore licence costs, geological and geophysical costs, costs of drilling all exploratory wells and appropriate overheads) and

ii) all costs relating to the development of economically recoverable oil and gas reserves. (Such costs include offshore production platforms, drilling development wells, pipelines and appropriate overheads, including interest on specific development finance in the case of major projects such as the Thistle Field).

Proceeds from disposals of oil and gas properties and licences are applied as a reduction of capitalised costs, no gain or loss being recognised on such disposals.

The capitalised costs are accounted for by Tricentrol in two separate cost pools, one for North America and the other for the United Kingdom which now also includes the Rest of the World. This change is in line with the Operating Company responsibility.

(B) Depletion

The capitalised costs in each pool are depleted on a unit-of-production basis, calculated separately for each pool as follows :

i) Each pool's proven oil and gas reserves at the end of the year, whether developed or undeveloped, are estimated and expressed in BTU's on the basis of equivalent energy. The reserves produced during the year, expressed on a similar basis, are added to give a total of undepleted reserves.

ii) The costs of finding and developing these reserves are then calculated by adding to the total undepleted capitalised costs at the year-end an estimate of the future costs necessary to bring undeveloped proven reserves into production. As stated in Note 21 the estimate of future costs for the Thistle Field does not include any specific provision in respect of possible reinstatement liability in the North Sea over and above the residual value of the Field equipment.

iii) The total costs of finding and developing the reserves in each cost pool (per (ii) above) are then divided by the undepleted reserves (per (i) above) to give a cost per unit of reserves for each pool. The production for each pool for the year is then multiplied by the respective cost per unit to give the depletion to be charged in the accounts.

Further depletion is charged, if necessary, to ensure that the year end balance of capitalised costs in each pool does not exceed the estimated net present value of the related reserves.

In 1978 the North American companies changed their method of calculation of depletion by eliminating probable reserves and the cost of bringing them into production. The effects of this change and the redefining of cost pools have been dealt with as a prior year adjustment and the comparative figures for 1977 have been restated accordingly.

(II) Commercial-Depreciation

Fixed assets are written off evenly over their expected useful lives, with the exception that no depreciation is provided on freehold land. The following rates are normally applied.

Freehold Buildings	2 per cent per annum
Leasehold Property	The period of the lease or 2 per cent per annum for leases in excess of 50 years.
Other assets	10-25 per cent per annum

In previous years the Group did not provide any depreciation on freehold and long leasehold property. The effect of this change in accounting policy has been dealt with as a prior year adjustment and the comparative figures for 1977 have been restated accordingly.

Note 1 (continued)**d) Stocks**

Stocks are included at the lower of the cost and net realisable value; there are no significant attributable overheads.

e) Deferred Taxation

(i) Deferred corporation taxation arises when items are recognised for tax purposes in different periods from their recognition for accounting purposes. The Group's policy is to provide for deferred taxation at current rates of tax on such timing differences, except where it can be reasonably demonstrated that no corporation tax liabilities will arise in the foreseeable future. The foreseeable future is taken to be three years ahead, except for North Sea operations where the whole life of each field is considered because of the special tax provisions applicable to these operations and uncertainty over future opportunities for exploration in the area.

(ii) Advance corporation tax considered to be recoverable is deducted from deferred corporation taxation liabilities.

(iii) Petroleum Revenue Tax is provided at currently proposed rates of taxation. The total liability over the whole life of the Field is estimated and apportioned to each accounting period on a unit-of-production basis.

f) Turnover**(I) Oil and Gas****(A) United Kingdom**

Turnover represents the Group's share of production from the Thistle Field to 31 December, comprising invoiced sales of crude oil and production underlift valued at estimated net realisable value.

(B) North America**Oil and Gas Revenue**

Turnover represents the Group's share of invoiced sales of oil and gas production, except as set out below.

Gas sales contracts

Tricentrol United States Inc. (TUS) has contracts to supply gas to Northern Natural Gas Company of Omaha, Nebraska (Northern Natural) from reserves controlled by TUS in the State of Montana.

The contracts provided for Northern Natural to pay for certain quantities of gas before production commenced. Now that gas is being delivered to Northern Natural, one-third of the gas is delivered "free" until the value of the pre-payments has been recouped by Northern Natural out of the "free" gas at current delivery prices.

Monies received from Northern Natural in advance of deliveries of gas were credited, after the provisions referred to below, to profit and loss account in the years in which they were received, as TUS has an absolute right to retain these funds

irrespective of gas being available. Provision was made for depletion, royalties and lifting charges based on estimates made at the time the funds were received to arrive at the amount to be credited to the profit and loss account.

The effects of applying this policy are summarised below, expressed at the 1978 year-end exchange rates.

	Profit before tax taken up in group accounts	Profit before tax attributable to deliveries in period	Profit earned in advance of deliveries (or profit foregone as a result of earlier receipt)
	£000	£000	£000
1970-1976	6,561	5,379	1,182
1977	2,177	2,585	(408)
1978	1,731	2,277	(546)
	<u>10,469</u>	<u>10,241</u>	<u>228</u>

(II) Commercial

Turnover represents sales outside the Group, excluding all sales taxes.

g) Royalties**United Kingdom**

Government and other royalties payable in respect of the Group's share of production from the Thistle Field are estimated over the life of the Field and apportioned to each accounting period on a revenue basis. Royalties are charged in the consolidated profit and loss account before arriving at operating profit and are included in the consolidated balance sheet as current liabilities.

North America

Crown and Freehold royalties are calculated based on invoiced sales.

h) Pension Contributions

Actuarially assessed contributions are paid to various non-contributory pension plans for the provision of pensions for existing and former staff and their dependants. Any deficiency arising from triennial actuarial valuations will be met by an increased level of future contributions.

i) Repairs, renewals, research and development

Expenditure on repairs and renewals and on research and development, other than exploration and development expenditure to which full cost accounting is applied, is written off in the year in which it is incurred.

j) Holiday Pay

Where the holiday year is not co-terminous with the accounting year, provision is now being made for accrued holiday pay. The effect of this change in accounting policy has been dealt with as a prior year adjustment and the comparative figures for 1977 have been restated accordingly.

Notes on the Accounts

	1978 £000	1977 £000
Note 2		
Turnover		
Current activities	141,335	94,815
Activities now discontinued	189	914
	<u>141,524</u>	<u>95,729</u>

Note 3

Operating profit is stated after charging:

Interest charges		
Floating rate optional currency loan 1985	109	—
Floating rate optional currency loan 1980	252	280
Guilder loan 1980	57	96
Eurodollar loan 1981	101	134
Other loans not wholly repayable within 5 years	420	68
Bank and short-term loans	1,646	1,318
	<u>2,585</u>	<u>1,896</u>
Interest received on bank and short-term deposits	(298)	(452)
Income from listed investments	(65)	(120)
	<u>2,222</u>	<u>1,324</u>
Group audit fees	<u>159</u>	<u>125</u>
	<u>678</u>	<u>606</u>

Tricentrol Concept Costs

Concept costs represent pension and medical scheme costs in excess of statutory requirements

Directors' remuneration

Fees	22	15
Management	144	71
Compensation for loss of executive office	15	—
Pension contributions	25	4
Past director's pension	4	4
	<u>210</u>	<u>94</u>
Depreciation	<u>1,637</u>	<u>932</u>

Depletion

North America	1,135	918
U.K.	5,222	—
	<u>7,994</u>	<u>1,850</u>

In the North Sea all interest is capitalised and depleted as part of the U.K. full cost pool.

Interest capitalised and depleted as follows

Interest capitalised to 31.12.77	7,343	2,776
Interest capitalised during the year	4,525	4,567
	<u>11,868</u>	<u>7,343</u>
Interest written off as part of depletion charge	<u>1,356</u>	<u>—</u>

Interest capitalised to date of first production was £7,987,000

Note 4**Details of remuneration of directors and senior employees for duties discharged mainly in the United Kingdom (excluding pension contributions)**

	1978 £000	1977 £000
Chairman	5	4
Highest paid director	34	15
Other directors and employees in each range of remuneration	Number	Number
Directors		
Nil to £2,500	Two	One
£2,501 to £5,000	Three	Three
£10,001 to £12,500	One	None
£12,501 to £15,000	None	One
£15,001 to £17,500	One	None
£20,001 to £22,500	One	None
£22,501 to £25,000	One	None
£27,501 to £30,000	One	None
Employees		
£10,001 to £12,500	Fourteen	Eleven
£12,501 to £15,000	Seventeen	Five
£15,001 to £17,500	Nine	Six
£17,501 to £20,000	Two	None
£20,001 to £22,500	Two	Two
£22,501 to £25,000	Three	Two
£25,001 to £27,500	One	None
£27,501 to £30,000	None	One
*£40,001 to £42,500	*One	None

*Includes termination benefits of £33,000

Note 5**Opman** (see Report of the Directors, page 31)

	£000	£000
Fees payable	58	58
Royalties payable	388	29
	446	87

Note 6**Exceptional items**

Provision for repayment of gas price increase	—	(166)
This arose from a dispute over the effective date of a price increase.		

Trading losses and termination costs of activities now discontinued

Australia – general trading	(85)	(262)
Malaysia – paper product and general trading	(59)	(271)
Other	(39)	—
	(183)	(699)

Notes on the Accounts

	1978 £000	1977 £000
Note 7		
Taxation		
a) Taxation dealt with in the accounts		
(1) Taxes payable (recoverable):		
United Kingdom	7	61
North America	(90)	160
Netherlands	(127)	87
	(210)	308
(2) Advance corporation tax no longer considered irrecoverable (1977-written off)	(577)	251
(3) Deferred Taxation		
United Kingdom Corporation Tax – North Sea	1,401	—
Petroleum Revenue Tax	1,771	—
Overseas	54	—
(4) Under provision for prior years	(114)	21
	<u>2,325</u>	<u>580</u>
b) Deferred taxation not dealt with in the accounts, as stated under note 1e, page 17		
Exploration and production – North America	1,020	697
Commercial	1,249	907
	<u>2,269</u>	<u>1,604</u>

Note 8

Earnings attributable to Tricentrol

Of the earnings attributable to the Group a profit of £1,430,000 (1977 – £249,000) has been dealt with in the accounts of Tricentrol Limited.

Note 9

Dividends

Interim 0.8375 pence per share net on 39,365,190 shares (1977 – 0.66 pence per share net on 36,925,320 shares)	330	244
Final proposed at 0.8375 pence per share net on 39,385,190 shares (1977 – 0.66 pence per share net on 37,045,120 shares)	331	244
	<u>661</u>	<u>488</u>

The net dividend of 1.675 pence per share (1977 – 1.32 pence per share) is equivalent to a gross dividend of 2.5 pence per share (1977 – 2.0 pence per share)

Note 10

Earnings per ordinary share

The calculations are based on the following –

Basic

Earnings (see Note 1c & 1j)	£5,681	£2,991
The weighted average ordinary shares in issue for each year	38,208	35,963

Fully diluted

Earnings calculated after adjusting for interest saved or earned on capital changes mentioned below	£5,783	£3,183
The weighted average of ordinary shares in issue for each year and additional capital to be issued if all outstanding conversion rights, options and warrants were to be exercised	40,930	39,967

	Total	Oil and Gas		Premises			Other equipment and vehicles
	£000	Thistle Field £000	Other £000	Freehold £000	Long lease £000	Short lease £000	£000
Note 11							
Fixed assets							
Group							
Cost							
31 December 1977	89,855	54,440	25,105	3,172	677	553	5,908
Exchange adjustments	(1,905)	—	(1,930)	45	—	(5)	(15)
Additions	26,533	15,355	5,830	286	37	174	4,851
Disposals	(2,984)	—	(794)	(8)	(274)	(14)	(1,894)
31 December 1978	111,499	69,795	28,211	3,495	440	708	8,850
Less: Thistle Field loan							
(see note 22)							
31 December 1977	(54,440)	(54,440)	—	—	—	—	—
31 December 1978	(61,829)	(61,829)	—	—	—	—	—
Cost attributable to Tricentrol							
31 December 1977	35,415	—	25,105	3,172	677	553	5,908
31 December 1978	49,670	7,966	28,211	3,495	440	708	8,850
Depreciation							
31 December 1977	(7,024)	—	(4,758)	—	—	(183)	(2,083)
31 December 1977 as restated (Note 1c)	(7,582)	—	(5,053)	(241)	(22)	(183)	(2,083)
31 December 1978	(13,671)	(4,949)	(5,300)	(349)	(27)	(288)	(2,758)
Net book amount							
31 December 1977	28,391	—	20,347	3,172	677	370	3,825
31 December 1977 as restated (Note 1c)	27,833	—	20,052	2,931	655	370	3,825
31 December 1978	35,999	3,017	22,911	3,146	413	420	6,092

	Total £000	North America £000	UK (including Thistle Field development) £000	Netherlands £000	Australasia and South- East Asia £000
Geographical analysis at 31 December 1978					
Oil and gas	36,177	22,180	12,852	—	1,145
Premises (freehold and leasehold)	4,643	32	3,779	781	51
Other equipment and vehicles	8,850	499	7,915	288	148
Total cost attributable to Tricentrol	49,670	22,711	24,546	1,069	1,344

Notes on the Accounts

Note 12

Subsidiaries

Shares at cost

Amounts receivable from subsidiaries

Company		Group	
1978 £000	1977 £000	1978 £000	1977 £000
1	2,654		
23,868	16,956		
23,869	19,610		

Particulars of the principal operating subsidiaries are shown on the inside back cover. There were no material minority interests in group companies at 31 December 1978.

Note 13

Current assets

Stocks

Oil and gas

Commercial

Europe

Other

Deposits for vehicles on consignment

Thistle Field production underlift

Debtors

Investments listed in U.K. at cost:

(Group market value 1978 - £210,000(1977 - £1,542,000))

Short term deposits and cash

—	—	105	150
—	—	18,086	12,793
—	—	738	1,117
—	—	18,929	14,060
—	—	1,736	1,548
—	—	5,112	—
191	12	16,974	12,531
201	6	206	1,490
2,425	88	3,070	3,680
2,817	106	46,027	33,309

Included in debtors are loans to Directors and Officers of the company details of which are set out in the Report of the Directors on page 31.

Note 14

Current liabilities

Creditors

Bank overdrafts (secured)

Other short term loans (including £1,972,000 secured (1977 - £1,678,000))

Current taxation

Interim dividend

Final dividend proposed

136	127	19,513	12,779
—	—	11,957	10,744
—	—	2,452	2,311
351	251	383	251
330	244	330	244
331	244	331	244
1,148	866	34,966	26,573

Authorized

Issued

Ordinary shares of 25p each

39,486,440 Fully paid (1977 - 37,078,070)

81,000 Partly paid 0.56p per share (1977 - 97,800)

Details of share options are set out in the Report of the Directors on page 29. Changes in issued share capital during the year were as follows :

31 December 1977

Conversion of loan stock

Exercise of warrants and share options

Share placing for payment of Opman Royalty

Partly paid shares now fully paid up

31 December 1978

	Group
1978	1977
£000	£000
15,000	15,000
9,871	9,269
1	1
9,872	9,270
Ordinary shares of 25p each	
Fully paid	Partly paid
£000	£000
9,269	1
446	—
120	—
32	—
4	—
9,871	1

	Company		Group	
	1978 £000	1977 £000	1978 £000	1977 £000
Note 16 Reserves				
Share premium account				
At beginning of year	7,819	5,482	7,819	5,482
Conversion of loan stock	1,192	209	1,192	209
Exercise of warrants and share options	382	333	382	333
Share placing	195	—	195	—
Partly paid shares	33	14	33	14
Arising on acquisition of subsidiary, net of expenses	—	1,781	—	1,781
At end of year	9,621	7,819	9,621	7,819
Distributable reserves				
At beginning of year, as previously reported	105	599	7,661	6,033
Effects of changes in accounting policies				
Depreciation and Depletion (Note 1c)	—	—	(558)	(414)
Holiday pay (Note 1j)	—	—	(159)	(138)
At beginning of year, as restated	105	599	6,944	5,481
Unrealised gain (loss) on translation of foreign currencies	178	(255)	(525)	(966)
Retained surplus (deficit) for the year	769	(239)	5,020	2,503
Goodwill written off	—	—	(4)	(74)
At end of year	1,052	105	11,435	6,944
Total Reserves at end of year	10,673	7,924	21,056	14,763

Note 17

7% Convertible Unsecured Loan Stock 1992/97

The Loan Stock was fully converted during the year

—	1,656	—	1,656
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Notes on the Accounts

Note 18

Loans

Not wholly repayable before expiry of five years

Company

Optional Currency Loan 1985. Interest at $1\frac{1}{4}\%$ over the cost to the lender in the London Inter-Bank Market. Average rate in the year - $11\frac{5}{8}\%$

Subsidiaries

Secured:

Mortgages and secured loans bearing interest at an average rate of 11%

Unsecured:

$6\frac{1}{2}\%$ Unsecured loan stock 1988

Unsecured loan 1984 interest free

Company		Group	
1978 £000	1977 £000	1978 £000	1977 £000
5,882	—	5,882	—
—	—	4,404	900
—	—	68	68
—	—	19	19
5,882	—	10,373	987
3,743	—	4,685	656
2,139	—	5,688	331
5,882	—	10,373	987

Instalments payable within next five years

Instalments payable after five years

Loans wholly repayable within five years

Optional currency loan 1980, guaranteed by Tricentrol Canada Limited. Interest at $1\frac{3}{4}\%$ over the cost to the lender in the London Inter-Bank Market.

Average rate in the year - $9\frac{13}{16}\%$

Guilder Loan 1980 guaranteed by Tricentrol Limited, repayable by equal six monthly instalments beginning in 1976. Interest at $1\frac{1}{4}\%$ above the cost to the lender in the Amsterdam Inter-Bank Market.

Average rate in the year - 9%

Eurodollar Loan 1981 guaranteed by Tricentrol Limited repayable by five annual instalments beginning in 1977. Interest at $1\frac{1}{2}\%$ above the cost to the lender in the London Inter-Bank Market.

Average rate in the year - 10%

Secured loans bearing interest at an average rate of $11\frac{1}{4}\%$

Unsecured loan free of interest

—	—	—	3,125
—	—	—	1,011
—	—	—	1,406
—	—	3,391	2,351
—	—	21	—
—	—	3,412	7,893
5,882	—	13,785	8,880

Total loans excluding Thistle Financing

(see note 22)

Note 19

Deferred Taxation

a) Accumulated deferred taxation dealt with in the accounts as stated in note 1e:

Accelerated capital allowances

Taxation losses

Petroleum Revenue Tax

Advance Corporation Tax

—	—	40,583	—
—	—	(39,118)	—
—	—	1,771	—
(889)	—	(889)	—
(889)	—	2,347	—

Note 19 (continued)**b) Accumulated deferred taxation not dealt with in the accounts as stated in note 1e**

	Company		Group	
	1978 £000	1977 £000	1978 £000	1977 £000
Accelerated capital allowances:				
Commercial	—	—	979	838
Oil and Gas – North America	—	—	8,810	7,227
Stock appreciation relief	—	—	5,272	2,547
Taxation losses	—	—	(6,486)	(3,840)
Taxation on unrealised capital gains	—	—	225	234
Advance Corporation Tax	(217)	(695)	(217)	(695)
	(217)	(695)	8,583	6,311

c) Taxation Losses, not dealt with in a) or b) above, carried forward at the end of the year are:

Commercial – Australia and Canada	—	—	1,315	1,260
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Note 20**Capital commitments (excluding Thistle Field)**

Authorised but not contracted for	—	—	1,731	897
Contracted for but not provided for	—	—	1,684	1,898
	—	—	3,415	2,795

Note 21**Contingent Liabilities**

No specific provision has been made for any liability which may arise from reinstatement of the Thistle Field over and above the residual value of the Field equipment. Under the Petroleum and

Submarine Pipelines Act 1975 there are provisions for the Secretary of State to ensure that this is adequately carried out. The precise obligations and their cost cannot yet be defined.

Note 22**Thistle Field**

On 16 March 1976, Tricentrol Thistle Development Limited (TTD) signed an agreement with a banking syndicate for a £60 million limited recourse revolving facility for the development of TTD's share of the Thistle Field, secured initially by a guarantee of HM Government which expires on 31 December 1980, and by debentures on TTD's interest in the Field. £40 million of this loan was repaid and cancelled on 30 November 1978, leaving £20 million outstanding at that date.

There are provisions for the Government Guarantee to be released by the banking syndicate on satisfaction of certain production and other conditions. While guaranteed, the loan bears interest at $1\frac{1}{4}\%$ above the London Inter-Bank Offered Rate (LIBOR) and thereafter at $2\frac{1}{2}\%$ over LIBOR. On the basis of current information, it is expected that the conditions under which the banking syndicate could call the Government Guarantee will not occur. However, were the Guarantee to be implemented, the Government could take over part of TTD's interest in the Thistle Field.

On 12 April 1978, TTD signed a second limited recourse credit facility for £10 million with a syndicate of banks secured by the same debentures on the Thistle Field. This loan was not guaranteed by the Government. £4 million drawn under this loan was repaid and the facility cancelled on 30 November 1978.

On 24 November 1978, TTD signed a third limited recourse credit facility for £60 million with a syndicate of banks secured by the same debentures on the Thistle Field which ranks before the £20 million of the first facility in terms of repayment. The loan bears interest at 2% over LIBOR until 30 May 1980 and thereafter at $1\frac{1}{2}\%$ over LIBOR. This loan is not guaranteed by HM Government.

The loans are repayable only from the proceeds of production from the Field and, in the opinion of the Directors, these facilities are adequate to meet the estimated maximum borrowing requirements of the project which are currently expected not to exceed £65 million, and no financial liability will fall on any other assets of the Group. It is expected that these loans will be repaid before the final repayment date of 31 December 1983.

Report of the Auditors

to the members of Tricentrol Limited

We have examined the accounts set out on pages 13 to 25 which have been prepared on the basis of the accounting policies set out on pages 16 and 17.

In our opinion, the accounts give a true and fair view of the state of affairs of the company and, so far as concerns members of Tricentrol Limited, of the group at 31 December 1978 and of the profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

Deloitte Haskins & Sells
Chartered Accountants
London
3 April 1979

Thistle Field Reserves

The following table shows Tricentrol Oil Corporation's evaluation of reserves in the Thistle Field at 31 December 1978:—

Barrels of oil in place	Barrels of oil recoverable	Tricentrol Share	Future Net Cashflow before Corporation Tax	Present Value of Future Net Cashflow discounted at 10% p.a.
901 million	450 million	9.6524%	£81,000,000	£55,000,000

In the evaluation of oil in place, Tricentrol's engineers have been advised by independent oil consultants, Geo Science Computing Ltd and Gaffney, Cline & Associates Ltd. Our present estimate is that 901 million barrels of oil are contained in the Thistle Unit Reservoir. While we are aware that both higher and lower estimated recovery rates have been applied, we believe that 50% is a reasonable rate to apply to the Thistle Field and we therefore estimate the recoverable reserves to be 450 million barrels. This compares with our previously published estimate of 525 million barrels. Future net cashflow is estimated after repayment of loans and takes into account operating costs, future development costs, Government royalty under the Licence, the Government Special Royalty earned in respect of the Government Guarantee, the Opman royalty, Petroleum Revenue Tax ("PRT") and interest on the outstanding loans. They are based upon the assumptions set out below and upon a production profile prepared from the reserve estimate of Tricentrol's engineers, and do not include any estimate of the proven and probable reserves attributable to Areas 1, 6, 9, 12 and 13 in Block 211/18a or any reserves attributable to Block 47/13a.

Prices used in evaluating reserves are based on sterling prices current at December 1978 for contract cargoes and have been escalated in line with proposed OPEC price increases and at the rate of 2½% per half-year from 1 January 1981. Operating costs have been based on estimates given by the Operator. Tricentrol have assumed inflation at the rate of 12% per annum after making allowance for variable operating costs. PRT has been calculated on the assumption that the proposals made on 2 August 1978 regarding changes to the Oil Taxation Act 1975 will become law.

The net book value of the Thistle Field at 31 December 1978 was £3,017,000.

North American Reserves

The following table shows Tricentrol's oil and gas reserves in North America at 31 December 1978.

Proven Reserves

	Barrels of oil	Mcf of gas	Future Net Cashflow before Corporate Taxes	Present Value of Future Net Cashflow discounted at 10% p.a.
Canada	7,667,000	49,990,000	£58,997,000	£22,400,000
USA	407,000	126,107,000	£92,392,000	£31,700,000
				<u>£54,100,000</u>

Future net cashflow represents cashflow from proven reserves only (not probable reserves), reduced by royalties, production costs and future development costs of proven undeveloped reserves. Prices used in evaluating reserves are based on existing contracts with allowance for expected inflation, government controls and world market conditions. In estimating future prices of natural gas sales in the USA, no allowance has been made for the prices provided for in the recently enacted Natural Gas Pricing Act.

The above figures are taken from independent

evaluations prepared by McDaniel Consultants (1965) Ltd on bases consistent with past evaluations.

Values for the North American assets of course depend on market conditions from time to time. Important criteria not considered in determining the above future net cashflows are the open market values of the properties overlying the probable and possible reserves and the value of Tricentrol's petroleum lease rights which significantly affect the underlying value of our North American assets.

Probable Additional Reserves

In addition to the proven reserves above, the independent consultants have attributed the following values to probable additional reserves associated with the proven reserves:

	Barrels of oil	Mcf of gas	Present Value of Future Net Cashflow discounted at 10% p.a.
Canada	4,363,000	9,376,000	£2,300,000
USA	171,000	114,694,000	£6,900,000
			<u>£9,200,000</u>

Land Bank

In addition to the reserves stated above, TOL holds the following net undeveloped acreage in North America:

	Acres	Estimated Value
Canada	240,000	£6,940,000
USA	180,000	£3,080,000
		<u>£10,020,000</u>

Whilst it is difficult to place a finite value on this land bank, recent sales of petroleum and natural gas rights in these areas lead our staff to believe it is reasonable, considering the technical merit of the acreage concerned, to place a minimum value of Can \$70 per acre on the Canadian acreage and US \$35 per acre on that in the USA.

Exchange rates used:

Can\$	2.42	—	£1
US\$	2.04	—	£1

Total Appraised Value	<u>£73,320,000</u>
Net Book Value at 31 December 1978	<u>£17,152,000</u>

Report of the Directors

The Directors submit their annual report and the audited accounts for the year ended 31 December 1978.

	1978 £000	1977 £000
Profit, Dividends and Retentions		
Profit before taxation	8,011	3,627
Less taxation	(2,325)	(580)
Profit after taxation	5,686	3,047
Loan stock interest (net)	(5)	(56)
Earnings attributable to Tricentrol	5,681	2,991
Dealt with as follows :		
Interim dividend paid at 1.25p per share gross (1977 - 1.0p)	330	244
Proposed final dividend at 1.25p per share gross (1977 - 1.0p)	331	244
	661	488
Retentions for the year	5,020	2,503

Financial Calendar

Interim Dividend is paid in November and
Final Dividend in May.

Activities

The Group's principal activities during the year
are set out on pages 4 to 12.

Changes in Share Capital

Changes during the year are set out in note 15 on
page 23.

Directors

Mr J. B. Pratt, Mr E. Lyall and Sir William Gorell Barnes retire by rotation. Mr G. B. Huiskamp and Mr P. B. Moody having been appointed by the Board in July 1978 retire in accordance with the Company's Articles of Association. Mr J. B. Pratt, Mr E. Lyall, Sir William Gorell Barnes and Mr P. B. Moody being eligible, offer themselves for re-election. Mr G. B. Huiskamp is not seeking re-election and Mr J. B. Godber is retiring at the Annual General Meeting.

Share Options

Under the terms of a management contract effective from 1 May 1971, the company granted an option to Opman International Limited ('Opman International') to subscribe for 1,344,000 ordinary shares at 83.89p per share. 344,000 shares were subscribed for in 1977 and options remain on 1,000,000 shares.

81,000 partly paid ordinary shares are held by Group executives, under the terms of an Executive Share Incentive Scheme approved by shareholders. These and the associated capitalisation issue of 101,250 fully paid ordinary shares to Group executives are not eligible for ordinary dividends. The remaining 33,000 shares available under the scheme will not now be issued.

The Company's Executive Share Option Scheme approved by Shareholders provides that the Directors are authorised to issue at their discretion to employees of the Group up to 866,250 ordinary shares of 25p of Tricentrol Limited (subject to adjustment as stated in the scheme). Participants in the scheme can exercise their options between one and seven years from the date of being granted the option. Options in respect of 738,500 shares have been granted under this scheme.

Report of the Directors

Directors' Shareholdings in Tricentrol Limited

The interests of the Directors and their families in the ordinary shares and convertible unsecured loan stock of the company as at 1 January 1978, (or at subsequent date of appointment), 31 December 1978 and 14 March 1979 were as follows:

	Ordinary Shares			Convertible Unsecured Loan Stock 1992/97
Beneficial Interest	1 Jan 1978	31 Dec 1978	14 March 1979	1 Jan 1978
J. B. Godber	12,200	12,200	12,200	—
J. G. S. Longcroft	33,307	33,780	33,780	435
J. B. Pratt	14,835	16,989	16,989	877
E. Lyall	51,425	51,425	51,425	—
Sir William Gorell Barnes	13,968	15,040	15,040	993
H. Orr-Ewing	7,200	7,200	7,200	—
P. M. S. Longcroft	40,141	40,732	40,732	549
R. J. Smith	163,700	163,733	163,733	31
A. F. Fox	7,532	7,532	7,532	—
D. J. Hulbert	12,000	12,000	12,000	—
G. B. Huiskamp (appointed 19.7.1978)	—	2,000	2,000	—
P. B. Moody (appointed 19.7.1978)	1,275	3,275	3,275	—
Non-beneficial Interest				
E. Lyall	27,769	27,769	27,769	—

Mr R. J. Smith holds 15,000 partly paid shares together with 18,750 associated fully paid capitalisation shares under the Company's Executive Share Incentive Scheme.

Opman Limited ('Opman') of Bermuda is the registered holder of 675,000 ordinary shares of 25p each: Mr J. G. S. Longcroft, Mr P. M. S. Longcroft and their families have a potential interest in these shares.

The following Directors have options to purchase ordinary shares in Tricentrol:—

	Number of Shares under Option	Price
Mr P. M. S. Longcroft	25,000	64p
Mr R. J. Smith	15,000	64p
Mr A. F. Fox	15,000	64p
Mr D. J. Hulbert	25,000	64p
Mr P. B. Moody	25,000	156p

Significant contracts in which Directors have interests

By a contract dated 13 September 1971 (as amended by Heads of Agreement dated 6 October 1975 which were approved by shareholders on 20 October 1975 which Heads of Agreement were amplified by five further Agreements dated 10 August 1978), Tricentrol employs Opman International and its subsidiaries to manage its exploration and production activities for a current annual fee of £62,414 reviewable annually. Under the contract as amended by the Heads of Agreement, Opman International is also entitled to the option referred to on page 29 to subscribe for 1,000,000 Ordinary Shares at 83.89p per share. A royalty of 2.5% of the production from all projects entered into by the exploration and production activities of Tricentrol prior to 31 October 1975 continues to accrue to Opman International.

In the Heads of Agreement referred to above, Opman International agreed to surrender temporarily for value its entitlement to the 2.5% gross overriding royalty on Tricentrol's share of production from Thistle Field production during the period that the development finance for the Thistle Field is outstanding. Following the commencement of production Opman UK, a wholly owned UK-registered subsidiary of Opman International holding the above-mentioned royalty interests, is entitled, as consideration for such surrender, to cash payments equal to the royalty income foregone. The Heads of Agreement allow Tricentrol, at its option and if appropriate arrangements can be made, to allot shares in such a way as to provide the cash required for such payments. Settlement will be quarterly if in shares or monthly if in cash. After the development finance has been repaid, Opman UK will resume full rights to royalty in respect of Tricentrol's production thereafter. Opman UK has agreed to bear its proportionate share of both Petroleum Revenue Tax and the special royalty earned by the Government as consideration for providing the Government Guarantee in respect of Thistle finance.

Mr J. G. S. Longcroft, Mr P. M. S. Longcroft and their families have a potential interest in the contract. Mr J. G. S. Longcroft is a director of Opman UK. Opman has agreed to give Mr J. B. Pratt and his family, who previously held a potential interest in the contract, one-fifth of the above-mentioned royalty interests owned by Opman UK. Until his retirement on 30 April 1978, Mr Pratt was a consultant with Opman UK.

Mr R. J. Smith is one of the owners of office premises occupied by a wholly owned subsidiary of Tricentrol at a rental of £18,000 per annum. Mr Smith is a director of certain of Opman's UK subsidiaries.

Loans to Directors and Officers

The following Directors and Officer have loans from the Company. In the case of Directors the loans were made before their appointment as Directors. These loans are part of a loan scheme for Senior Executives of Tricentrol, and bear interest at 3% per annum:

Mr R. J. Smith	£4,687 (repaid since the year end)
Mr A. F. Fox	£6,500
Mr H. R. Harlow	£3,250

Substantial Shareholdings

As at 14 March 1979, no person had notified the company of any holding in excess of 5.0% of the issued share capital of the company.

Exports

Exports from the United Kingdom during the year amounted to £542,848 (1977 - £303,000). Much of the group's oil and natural gas income was received in North American dollars.

Fixed Assets

Changes in the year are shown in Note 11 on page 21. Freehold and leasehold premises shown in Note 11 have, in the opinion of the Directors, an aggregate market value on the basis of existing use rather greater than the aggregate values shown. In the opinion of the Directors the realisable value of Tricentrol's oil and gas reserves (see pages 27 and 28) is greatly in excess of the book values of capitalised costs at the year end.

Employees and remuneration

The average number of employees in the UK during the year was 2,223 and their aggregate remuneration was £8,545,653. Average remuneration £3,844.

Donations

During the year donations to charities in the UK amounted to £3,345. No political donations were made during the year.

Income and Corporation Taxes Act 1970

In the opinion of the Directors the close company provisions of the Income and Corporation Taxes Act do not apply to the company.

Report of the Directors

Foreign Ownership of Tricentrol Shares

The Articles of Association of the Company contain a restriction on foreigners or foreign corporations (as therein defined) holding shares in the Company otherwise than with the approval of the Board, which may be given in respect of shares totalling up to 40% of the shares carrying the right to vote at General Meetings of the Company.

Shares held by foreigners and foreign corporations are registered on a separate register ('the Foreign Register'). The Board has decided that at present not more than 20% of the shares in issue may be held by foreigners or foreign corporations.

Auditors

In accordance with Section 14 of the Companies Act 1976 a resolution proposing the reappointment of Deloitte Haskins & Sells as Auditors to the Company will be put to the Annual General Meeting.

By order of the Board,

H. R. Harlow,
Secretary.

Capel House, New Broad Street, London EC2M 1JS

3 April 1979.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held in the Abercorn Rooms, Great Eastern Hotel, Liverpool Street, London, EC2, on Friday 27 April 1979, at 12 noon for the following purposes:

Ordinary Business:

1. To receive and adopt the Directors' Report and the Accounts for the year ended 31 December 1978 and the report of the Auditors thereon.
2. To declare a final dividend.
3. To re-elect Mr J. B. Pratt as a Director of the Company.
4. To re-elect Mr E. Lyall as a Director of the Company.
5. To re-elect Sir William Gorell Barnes as a Director of the Company.
6. To re-elect Mr P. B. Moody as a Director of the Company.
7. To re-appoint Deloitte Haskins & Sells as auditors of the Company and to authorise the Directors to fix their remuneration.
8. To transact any other ordinary business of the Company.

Special Business

9. To consider and if thought fit pass the following resolution which will be proposed as a SPECIAL RESOLUTION –

that the Articles of Association of the Company be amended by the deletion therefrom of sub-paragraph (a) of Article 89 and the substitution therefore of the following –

"(a) Each of the Directors, other than the Chairman of the Board, shall be entitled to a fee at the rate of £5,000 per annum and the Chairman shall be entitled to a fee at the rate of £7,500 per annum, or to such sums as shall from time to time be determined by ordinary resolution of the Company. Such fees shall accrue from day to day."

By order of the Board,

H. R. Harlow,

Secretary,

Capel House, New Broad Street, London EC2M 1JS
3 April 1979.

Notes:

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company. The instrument appointing a proxy should be deposited with the company's registrars, Barclays Bank (London and International) Limited, Registration Department, Radbroke Hall, Knutsford, Cheshire WA16 9EU, at least 48 hours before the time appointed for holding the meeting.

2. Copies of contracts of service between the company and its Directors are available for inspection at the registered office of the company until 15 minutes before the commencement of the Annual General Meeting and then at the Annual General Meeting until its conclusion.

Tricentrol

believes in the benefits of entrepreneurial activity within a free enterprise society.

Tricentrol

aims to develop its resources and earning power by making the best use of shareholder funds and the efforts of its employees to build a British international resource exploration and production company with wide ranging commercial activities.

Tricentrol

recognises a partnership between its employees and its shareholders ; both must play their part for Tricentrol to succeed, and both must be able to share in its success.

Introduction

This statement sets out the main philosophies and principles upon which Tricentrol conducts its affairs but new ideas are constantly being tested. If these new ideas are accepted and become policies, then Tricentrol will not hesitate to change course in the interests of its shareholders and employees.

This is the fifth edition of the statement which is now published annually with the Report and Accounts, up-dated as necessary in a conscious effort to reflect the changing opportunities and challenges of the Company whilst retaining the underlying guidelines.

Principles of Investment

– Exploration

Tricentrol's exploration policy is based on spreading risks as widely as possible to enlarge its worldwide opportunities.

Normally, therefore, Tricentrol prefers to take smaller investments in a large number of ventures rather than make large investments in a few ventures. The proportion of available exploration budget to be invested in high risk and low risk ventures is determined annually to take account both of the Company's changing circumstances and the level of opportunities available worldwide.

Although there is no limit on the geographical

scope of its operations, Tricentrol recognises that account must be taken of political risks as well as the normal risks inherent in exploration for oil, gas and minerals.

Tricentrol aims to maintain adequate liquid resources as a buffer fund so that rapid advantage can be taken of exploration opportunities when they arise.

– Commercial and Industrial

Successful exploration naturally tends to produce large discrete increases in profit which stand out as milestones in the Company's growth. On the other hand petroleum and natural gas reserves are a wasting asset. It is planned that the steady organic growth of commercial and industrial activities will complement these jumps in profit, augmented from time to time by acquisitions.

As Tricentrol grows, the areas for investment in activities not directly connected with resource exploration and production change. In considering commercial or industrial acquisitions in developed countries, the main criteria are the record of profit and the quality of management. Investment in the less developed nations is more speculative and will often involve a partnership with local business or government interests. It will only be undertaken where the ratio of reward to risk is considered adequate.

A Policy Statement

Planned Growth

A resource exploration company becomes more efficient as it grows and is able to mount an increasingly effective exploration effort around the world; Tricentrol has set its target for its exploration budget at £10,000,000 per annum – the current level is around £7,000,000. Given continued success in the Thistle Field, this target will be materially revised upwards. Nevertheless, while Tricentrol intends to remain predominantly a resource exploration company, the commercial and industrial activities must grow as well.

Financial Policy

If Tricentrol is to grow as planned, new money will be required from time to time to secure adequate growth in non-exploration investment and to enable Tricentrol to take advantage of exceptional exploration opportunities.

This money will come from four sources:

- (i) Internally generated funds.
- (ii) Borrowings. These will normally be limited to a level about equal to shareholders' funds.
- (iii) Shareholders. Tricentrol will offer shareholders the opportunity to increase their investment in the Company by way of Rights Issues whenever the above two sources are inadequate for the planned growth of the Company.
- (iv) The market place. Acquisitions may be made from time to time when the consideration is in the form of shares or loan stock, or by vendor placings.

Wherever possible, funds for the development of exploration successes will come from limited-recourse finance, that is to say, from loans secured mainly on the proven reserves of a particular project.

Shareholders and Employees

Tricentrol recognises the partnership between its employees and its shareholders. It does not intend to benefit either at the expense of the other, but does believe that both shareholders and employees are alike concerned with Tricentrol's prosperity and should have appropriate means both to contribute to and participate in it.

Tricentrol recognises that people are important and, when working together for a common end, become a valuable asset. Employees should achieve a good, progressive standard of life

reflecting individual ability, loyal service and the acceptance of responsibility. Tricentrol's pension and life assurance arrangements, disability and medical schemes are an important part of Tricentrol's concept of its responsibility to its employees. The schemes are incremental to social benefits provided by the Government and cost Tricentrol £678,000 in 1978 (1977 – £606,000)

Tricentrol offers opportunity for career development and, by objective selection and training, will place employees in the work most suited to their abilities and provide the means by which they may improve their performance and advance their careers.

Tricentrol has relied greatly upon the new capital provided by shareholders in the past, and it is only right that they should receive a proper reward in the form of dividend. It is the Board's general intention to pay out in dividends one-third of profits from all sources available for distribution, after taking into account a full tax charge. This policy will, of course, be subject to any limitations imposed by the Government from time to time.

Tricentrol shareholders are kept fully informed of the Company's activities by the issue of quarterly reviews and prompt press releases on matters of importance or interest. All employees receive copies of the house journal "Tricentrol People" which periodically reports on the Company's progress.

While recognising the importance of the financial institutions in London and world markets, Tricentrol seeks to enlarge its share registers by attracting private individual shareholders and there is no minimum to the number of shares that can be held.

A share option scheme is in force for senior personnel and Tricentrol is seeking to take advantage of the provisions of the Finance Act 1978 to set up a further scheme for share participation which will be available to all employees of three years' standing. It is a long term objective of Tricentrol to increase the percentage of shares held by employees as a means of sharing success.

Tricentrol and the Community

Tricentrol recognises that it must have regard to the interests of the community and the environment in all the countries in which it operates.

Tricentrol is non-political and makes no contribution to any political party or organisation.

Tricentrol

INDUSTRIAL CORPORATION LIMITED



Tricentrol

OILS LIMITED



Directory

This Directory is a comprehensive list of Tricentrol companies and offices in the U.K. and worldwide, listing their addresses, telephone and telex numbers.

		Tricentrol Limited	Capel House, New Broad Street, LONDON, EC2M 1JS Tel: 01-628 4951 Telex: 884614	Chief Executive: James G. S. Longcroft Director, Group Coordination: Roger J. Smith
EXPLORATION & PRODUCTION Eastern Hemisphere and South America		Tricentrol Oil Corporation Limited	HEAD OFFICE - Capel House, New Broad Street, LONDON, EC2M 1JS Tel: 01-628 4951 Telex: 884614	Managing Director: Anthony F. Fox
North America		*Tricentrol Oils Limited	HEAD OFFICE - Suite 3000, 400-4th Avenue SW, CALGARY Alberta T2P 0J4 Canada Tel: (403) 264-3333 Telex: 038-24695	President: Peter M. S. Longcroft
COMMERCIAL ACTIVITIES Continental Europe		*Tricentrol B.V.	HEAD OFFICE - P.O. Box 3364, Konijnenberg 24, BRED A, Holland Tel: (076) 87.93.24 Telex: 54311	Managing Director: Dennis J. Hulbert
COMMERCIAL ACTIVITIES United Kingdom		Tricentrol Industrial Corporation Limited	HEAD OFFICE - Capel House, New Broad Street, LONDON, EC2M 1JS Tel: 01-628 4951 Telex: 884614	Managing Director: Peter B. Moody
Car Group			Truck & Bus Group	
HEAD OFFICE - Tricentrol Car Group Ltd, 326 Dunstable Road, LUTON, Beds LU4 8JR Tel: Luton (0582) 416312 Telex: 825803 Executive Chairman: B. S. Courtenay Finance Director: K. B. Hill Regional Directors: North - P. L. White East - S. G. Clarke South - R. C. Jackson NORTHERN REGION: Brown and White (Leeds) Ltd, Town End, Wakefield Road, CARFORTH, Yorks LS25 1QE Tel: Leeds (0532) 863261 Ford Main Dealer Principal: D. Wright Brown and White (Leeds) Ltd, Roundhay Road, LEEDS, Yorks LS7 1QS Tel: Leeds (0532) 629301 Telex: 556330 Ford Main Dealer Principal: N. M. Brown Brown and White (Leeds) Ltd, Deighton Road, WETHERBY, Yorks LS22 4TS Tel: Wetherby (0937) 65311 Ford Main Dealer Principal: J. Lawson-Brown		EASTERN REGION: Tricentrol Cars (Chelmsford) Ltd, 39 Robjohns Road, Widford Industrial Estate, CHELMSFORD, Essex CM1 3BA Tel: Chelmsford (0245) 64111 Telex: 995329 Ford Main Dealer Principal: S. Sproul Tricentrol Cars Dereham, EAST DEREHAM, Norfolk NR19 1JB Tel: Dereham (0362) 2888 Vauxhall/Bedford Van Main Dealer Principal: P. Kelly Tricentrol Cars Fakenham, Hempton Road, FAKENHAM, Norfolk NR21 7LA Tel: Fakenham (0328) 3331 Vauxhall Main Dealer Principal: P. Slapp Tricentrol Cars (Great Yarmouth) Ltd, Station Road, GREAT YARMOUTH, Norfolk NR31 0HB Tel: Gt. Yarmouth (0493) 3677 Vauxhall/Bedford Van Main Dealer Principal: C. A. Courtenay Tricentrol Cars (Norwich) Ltd, Mountrigate, NORWICH, Norfolk NR1 1PY Tel: Norwich (0603) 23111 Vauxhall Main Dealer Principal: S. G. Clarke Tricentrol Cars Kings Lynn, North Street, KINGS LYNN, Norfolk PE30 1QR Tel: Kings Lynn (0553) 3861 Vauxhall Main Dealer Principal: D. Fincham Tricentrol Cars (Datsun) Ltd, North End Garage, High Street, LOWESTOFT, Suffolk NR32 1HU Tel: Lowestoft (0502) 65301 Datsun Main Dealer Principal: A. T. Peck		
		Oulton Broad Service Station, Normanstone Drive, OULTON BROAD, Suffolk LR32 2PY Tel: Lowestoft (0502) 4404 Citroen Main Dealer Principal: J. Challis Ward and Son, High Street, ALDEBURGH, Suffolk IP15 5AU Tel: Aldeburgh (072885) 2721 Principal: B. Banham SOUTHERN REGION: Tricentrol Cars (Dunstable) Ltd, 55 London Road, DUNSTABLE, Beds LU6 3DU Tel: Dunstable (0582) 67811 Telex: 826122 Ford Main Dealer Principal: G. Dickson Tricentrol Cars (Hertford) Ltd, Gascoyne Way, HERTFORD, Herts SG1 8EL Tel: Hertford (0992) 52456 Ford Main Dealer Principal: E. Quant Tricentrol Cars (Luton) Ltd, 326-340 Dunstable Road, LUTON, Beds LU4 8JR Tel: Luton (0582) 31133 Ford Main Dealer Principal: E. Carter LEASING: Tricentrol Leasing Limited, 324 Dunstable Road, LUTON, Beds LU4 8RJ Tel: Luton (0582) 31133 Tricentrol Leasing Limited, Roundhay Road, LEEDS, Yorks LS7 1QS Tel: Leeds (0532) 629301		
		HEAD OFFICE - Tricentrol Truck & Bus Group, Tricentrol House, The Square, DUNSTABLE, Beds LU6 3HH Tel: Dunstable (0582) 64381 Managing Director: H. F. Barber Director/Secretary: R. G. Lee Tricentrol Chassis Developments Ltd, Skimpot Road, DUNSTABLE, Beds LU5 4JX Tel: Dunstable (0582) 597575 Alterations, conversions, modifications, petroleum regulations & double pole electrics, prop shaft specialists, Telma UK Distributors Manager: G. S. J. White Tricentrol Truck Hire Ltd, Skimpot Road, DUNSTABLE, Beds LU5 4JX Tel: Dunstable (0582) 505222 Self drive hire, leasing, contract hire Manager: I. R. Hill Tricentrol Trucks (A47) Ltd, School Lane, Sprowston, NORWICH, Norfolk NR7 8TL Tel: Norwich (0603) 411911 Bedford TSD Sales Service & Parts Manager: I. J. Brown Tricentrol Trucks (A47) Ltd, North Street, KINGS LYNN, Norfolk PE30 1QR Tel: Kings Lynn (0553) 3861 Bedford TSD Sales Service & Parts Manager: I. J. Brown		
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Dr. D. S. Allam
Resources Manager:
M. D. Harrison
Projects Manager:
A. T. Marsden
Business Development Manager:
M. B. Strelitz

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Travel Group

Trading Group

Builders Merchants Group

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HEAD OFFICE -
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Finance Director: P. G. Condon

Trading Estate,
Station Road,
WITNEY, Oxon OX8 6BE
Tel: Witney (0993) 2955
Branch Manager: J. W. McArthur
Product Code:
G Garden Supplies
H Hardware Supplies
B Building Supplies

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Tel: Dunstable (0582) 65424

6 Sun Street,
HITCHIN, Herts SG5 1AG
Tel: Hitchin (0462) 50246
Branch Manager: Mrs. P. Bryant

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Warrley,
BRISTOL BS15 2XQ
Tel: Bristol (0272) 611131
Telex: 444185
Branch Manager: B. W. Compton

GH

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I. C. Kirkland

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General Manager: P. A. Lockhart

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Ringstead Road,
CATFORD SE6 2BW
Tel: 01-697 4210
General Manager: P. J. Holland

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(Off Coppice Road),
BROWNHILLS, Staffs WS8 7DG
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Branch Manager: J. K. Schatz

G

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The Runnings,
CHELTENHAM, Glos GL51 9PT
Tel: Cheltenham (0242) 37521
Branch Manager: J. C. Adams

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Tel: Chesham (02405) 6241
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GH

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etchmore Road,
TEVENAGE, Herts SG1 3JD
Tel: Stevenage (0438) 54128
General Manager: A. M. Laver

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77 Greenfield Road,
FLITTON, Beds MK45 6DS
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G

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PRESTON, Lancs PR5 6JH
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Director & Branch Manager:
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LOUGHBOROUGH, Leics LE11 2TP
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Director/General Manager:
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IPSWICH, Suffolk IP2 0JF
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Telex: 987604
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GH

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SALISBURY, Wilts SP1 2JG
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Sales Manager: D. J. Pratt

London Road,
COALVILLE, Leics LE6 2JB
Tel: Coalville (0530) 39891

Tricentral Coaches Ltd,
Ringstead Road,
CATFORD SE6 2BW
Tel: 01-697 4210
General Manager: P. J. Holland

Crigglestone Industrial Estate, GHB
Crigglestone,
Nr. WAKEFIELD, Yorks WS5 3HT
Tel: Wakefield (0924) 258411
Telex: 557472
Branch Manager: L. J. Hyland

UK NORTH SEA

Block 211/18

The grey tinted area shows the part of the Block relinquished in accordance with licence regulations. Tricentrol has a 10% interest in the area remaining, referred to as Block 211/18a. The area with diagonal shading shows the unutilised Thistle Field in which Tricentrol has a 9.6524% interest, and Areas 1 and 6 (Tricentrol 10%). The Thistle Field came on stream in April 1978 and 11 production wells and 1 water well have been completed of the expected total of 42, to give a total production of 200,000 bpd.

Blocks 14/16 and 14/17

Tricentrol has a 12½% interest in the licence over Blocks 14/16 and 14/17 issued in the 1977 5th round awards. A seismic survey has been carried out and the data is being processed. These Blocks are located close to the Claymore and Piper Fields and to the pipeline which connects both these fields and the Tartan Field to Flotta in the Orkney Islands.



Sullom Voe Oil Terminal

Oil from the Thistle Field is now being pumped, via the Brent System Pipeline, to the Sullom Voe Terminal in the Shetland Isles, some 130 miles southwest of the Field. The first crude lifted through this system on Tricentrol's behalf was 27,000 metric tons, loaded as part of a BNOG cargo on 15th January, 1979. Five days later, Tricentrol's first complete cargo of 77,000 metric tons was loaded at the Terminal on to the 'Thistle Venture'.

